

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Richfield Township	County Roscommon
Fiscal Year End 3/31/06	Opinion Date 9/7/06	Date Audit Report Submitted to State 9/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES  
NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) James M. Anderson, P.C.		Telephone Number 989-563-2450		
Street Address P.O. Box 255		City Roscommon	State MI	Zip 48653
Authorizing CPA Sign. 	Printed Name James M. Anderson, CPA	License Number 1101017419		

Digitally signed by James M. Anderson, CPA  
DN: cn=James M. Anderson, CPA, c=US, o=James M. Anderson, P.C., email=jma@m33access.com  
Date: 2006.09.29 17:19:03 -04'00'

**TOWNSHIP OF RICHFIELD**  
**ROSCOMMON COUNTY, MICHIGAN**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2006**

**TOWNSHIP OFFICIALS**

Supervisor

Richard A. Wood

Clerk

Pamela J. Scott

Treasurer

Judy L. Scroggin

**TRUSTEES**

Marlee D. Pellow

James L. VanWormer

# TOWNSHIP OF RICHFIELD

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**TOWNSHIP OF RICHFIELD**

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James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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## INDEPENDENT AUDITOR'S REPORT

September 7, 2006

Township Board  
Richfield Township  
Roscommon County, Michigan

I have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Richfield, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, each major fund activity, and the aggregate remaining fund information of the Township of Richfield, as of March 31, 2006, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3-9 and budgetary comparison information on pages 32-40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

MEMBER MACPA and AICPA

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richfield's basic financial statements. The introductory section and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in cursive script, appearing to read "J M Anderson", written in dark ink.

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

## TOWNSHIP OF RICHFIELD MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Richfield Township (the "Township"), we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2006.

### **Financial Highlights**

- . The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$2,443,101 (*net assets*). Of this amount, \$1,464,972 (*unrestricted net assets*) may be used to meet the Township's ongoing obligations.
- . The Township's total net assets increased by \$234,527.
- . As of the close of the current fiscal year, the Township's general fund, reported an ending fund balance of \$279,541, an increase of \$32,961 in comparison with the prior year.
- . At the end of the current fiscal year, unreserved fund balance for the general fund was \$279,541 or 48% of total general expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements consist of three components: 1)Government-wide financial statements, 2)Fund financial statements, and 3)Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *Government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.



TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Both of the Government-wide financial statements present functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, and recreation and cultural. The Township does not have any business-type activities as of and for the year ended March 31, 2006.

The Government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the Government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the Government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains thirty-seven governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Fire, Law Enforcement, Ambulance, Waste Disposal, and remaining other funds.

The Township adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements or schedules have been provided for the governmental funds herein to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 12-13 and 15-16 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are *not* reflected in the Government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Notes to financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-31 of this report.

**Government-wide Financial Analysis**

A portion of the Township's net assets (48%) reflects its investments in capital assets (e.g., land, land improvements, buildings, and equipment); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to the community; consequently, these assets are *not* available for future spending.

**Township's Net Assets**

	Governmental Activities			
	2006	2005	Variance	%
Current and Other Assets	\$ 1,637,246	\$ 1,570,186	\$ 67,060	4.27
Capital Assets, Net	<u>1,215,604</u>	<u>1,138,746</u>	<u>76,858</u>	<u>6.75</u>
Total Assets	2,852,850	2,708,932	143,918	5.31
Current Liabilities	197,016	184,968	12,048	6.51
Long-Term Liabilities	<u>212,733</u>	<u>315,394</u>	<u>(102,661)</u>	<u>(32.55)</u>
Total Liabilities	409,749	500,362	(90,613)	(18.11)
Net Assets				
Invested in Capital Assets, Net of Related Debt	968,309	798,461	169,848	21.27
Restricted	9,820	12,865	(3,045)	(23.67)
Unrestricted	<u>1,464,972</u>	<u>1,397,244</u>	<u>67,728</u>	<u>4.85</u>
<b>Total Net Assets</b>	<u><u>\$ 2,443,101</u></u>	<u><u>\$ 2,208,570</u></u>	<u><u>\$ 234,531</u></u>	<u><u>10.62</u></u>

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

The Township's net assets increased by \$234,527 the current fiscal year. Unrestricted net assets - the part of net assets that can be used to finance day to day operations, increased by \$67,728 or 5%, during fiscal year 2006.

**Township's Changes in Net Assets**

	<b>Governmental Activities</b>		Variance	%
	2006	2005		
<b>Revenue:</b>				
Program Revenue:				
Charges for Services	\$ 318,295	\$ 174,646	\$ 143,649	82.25
Operating Grants and Contributions	69,912	153,354	(83,442)	(54.41)
Capital Grants and Contributions	129,245	121,838	7,407	6.08
General Revenue:				
Property Taxes	1,039,280	1,091,861	(52,581)	(4.82)
State-Shared Revenues	336,554	342,290	(5,736)	(1.67)
Interest	29,365	12,882	16,483	127.95
Gain (Loss) on Sale of Fixed Assets	(10,691)	-0-	(10,691)	(100.00)
<b>Total Revenue</b>	<u>1,911,960</u>	<u>1,896,871</u>	<u>15,089</u>	<u>0.79</u>
<b>Expenses:</b>				
General Government	450,978	451,465	(487)	(0.11)
Public Safety	749,595	739,206	10,389	1.41
Public Works	382,855	365,493	17,362	4.75
Recreation and Culture	81,047	83,200	(2,153)	(2.59)
Other	12,958	12,107	851	7.03
<b>Total Expenses</b>	<u>1,677,433</u>	<u>1,651,471</u>	<u>25,962</u>	<u>1.57</u>
<b>Increase in Net Assets</b>	234,527	245,400	(10,873)	(4.43)
Net Assets, Beginning of Year	<u>2,208,574</u>	<u>1,963,174</u>	<u>245,400</u>	<u>12.50</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,443,101</u></u>	<u><u>\$ 2,208,574</u></u>	<u><u>\$ 234,527</u></u>	<u><u>10.62</u></u>

**Governmental activities.** The Township's total governmental revenues increased by \$15,089 from last fiscal year. This was primarily attributed to additional revenue from charges for services. Expenses increased by \$25,962. The increase was primarily due to minor increases in public safety and road improvements.

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,496,557, an increase of \$63,625 in comparison with the prior year. The *undesignated fund balance*, which is available for spending at the Township's discretion, constitutes 100% of this total amount.

The primary governmental fund is the General Fund of the Township. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 48% of total general fund expenditures.

The fund balance of the General Fund increased by \$32,961 during the current fiscal year.

### General Fund Budgetary Highlights

The Township's budgets are prepared in accordance with Michigan Law. The budgeted funds are the General, Fire, Law Enforcement, Ambulance, Waste Disposal, Park, Liquor Law Enforcement, Building Codes, Budget Stabilization, Drug Law Enforcement, Library, and Cemetery Fund.

### Capital Assets and Debt Administration

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounted to \$1,215,604 (net of accumulated depreciation). Investment in capital assets includes land, land improvements, buildings, and equipment. Additions totaled \$218,587 for the fiscal year.

#### Township's Capital Assets (net of depreciation)

	2006	2005	Total Percentage Change
Land	\$ 90,000	\$ 90,000	0.00
Buildings and Improvements	342,890	325,097	5.47
Machinery and Equipment	782,714	723,649	8.16
Total	<u>\$ 1,215,604</u>	<u>\$ 1,138,746</u>	<u>6.75</u>

Additional information on the Township's capital assets can be found in note F on page 26 of this report.

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

**Factors Bearing on the Township's Future**

The following factors were considered in preparing the Township's budget for the 2006-2007 fiscal year:

- . Carry-over of \$55,680 in budget stabilization from 05-06 to 06-07 budget (an increase of \$25,680)
- . Construction of a new market and gas station completed, employing 5 local citizens, replacing the loss of the only retail grocery store to a structure fire
- . Construction of a 40 bed nursing home which will employ approximately 20 local citizens for a 24 hour operation
- . Anticipate receiving a \$17,200 USDA grant for a natural-gas fired generator for the township hall
- . Anticipate receiving a \$28,800 USDA grant for a new fully equipped patrol car for the police department
- . In process of a contract for wireless internet service, with a tower being erected on township property which will generate income, and cost free internet service for the township hall. Upon completion of tower construction, township phone lines will also be run over the same fiber-optics with savings of approximately 50% of current phone charges
- . All future special assessment road construction in Richfield Township will be funded using Bonds, making the surfacing/resurfacing of roads affordable for citizens
- . 20 camp sites with electricity are now available at the township park for rent. 20 primitive camp sites will be developed adjacent to the park. All revenues are earmarked for park improvements

TOWNSHIP OF RICHFIELD  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- . A compost and recycling area has been approved and will be developed for use of township residents.
- . Investigated sale of DNR property adjacent to one of the two township cemeteries for expansion. DNR will no longer sell property to local government units for one dollar. DNR will only sell at "fair market value" for expansion of the cemetery, causing a financial hardship.
- . Emergency management committee formed and key personnel identified to incorporate into an Emergency Management Plan for the township.

**Requests for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Richfield Township  
P.O. Box 128  
St Helen, MI 48656**

TOWNSHIP OF RICHFIELD  
STATEMENT OF NET ASSETS  
MARCH 31, 2006

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and investments	\$ 422,463
Receivables:	
Property Taxes and Assessments	1,066,514
Accounts Receivable	92,915
Interest	6,805
Other Governmental Units	<u>48,549</u>
Total Current Assets	1,637,246
Non-Current Assets:	
Capital Assets - Net	<u>1,215,604</u>
Total Assets	<u>2,852,850</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	54,584
Deferred Revenue	86,105
Current Portion of Long-Term Debt	<u>56,327</u>
Total Current Liabilities	<u>197,016</u>
Long-Term Liabilities:	
Notes and Leases Payable	190,968
Compensated Absences	<u>21,765</u>
Total Long Term Liabilities	<u>212,733</u>
Total Liabilities	<u>409,749</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	968,309
Restricted for Library Improvements	9,820
Unrestricted	<u>1,464,972</u>
Total Net Assets	<u>\$ 2,443,101</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
GOVERNMENTAL ACTIVITIES					
General	\$ (450,978)	\$ 65,055	\$ 7,857	\$ 32,745	\$ (345,321)
Public safety	(749,595)	247,254	5,515	96,500	(400,326)
Public works	(382,855)	-0-	-0-	-0-	(382,855)
Recreation and cultural	(81,047)	5,986	56,540	-0-	(18,521)
Interest on long term debt	(12,958)	-0-	-0-	-0-	(12,958)
Total Governmental Activities	<u>\$ (1,677,433)</u>	<u>\$ 318,295</u>	<u>\$ 69,912</u>	<u>\$ 129,245</u>	<u>(1,159,981)</u>
GENERAL REVENUES					
Property Taxes Levied for:					
General purpose					160,022
Public safety					513,724
Public works					359,198
Recreation and cultural					6,336
State shared revenue not restricted to specific purposes					336,554
Investment earnings					29,365
Gain (loss) on sale of fixed assets					(10,691)
Total General Revenues					<u>1,394,508</u>
Change in Net Assets					234,527
Net Assets - April 1					<u>2,208,574</u>
Net Assets - March 31					<u>\$ 2,443,101</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>	<u>Ambulance</u>
ASSETS				
Cash and investments	\$ 32,349	\$ 99,254	\$ 10,454	\$ 71,475
Taxes receivable	194,248	162,320	271,472	79,810
Accounts receivable	310	-0-	6,500	86,105
Interest receivable	6,805	-0-	-0-	-0-
Due from other governmental units	<u>48,549</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 282,261</u>	<u>\$ 261,574</u>	<u>\$ 288,426</u>	<u>\$ 237,390</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 2,720	\$ 22,345	\$ 3,593	\$ 474
Deferred revenue	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>86,105</u>
Total Liabilities	<u>2,720</u>	<u>22,345</u>	<u>3,593</u>	<u>86,579</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>279,541</u>	<u>239,229</u>	<u>284,833</u>	<u>150,811</u>
Total Fund Equity	<u>279,541</u>	<u>239,229</u>	<u>284,833</u>	<u>150,811</u>
Total Liabilities and Fund Equity	<u>\$ 282,261</u>	<u>\$ 261,574</u>	<u>\$ 288,426</u>	<u>\$ 237,390</u>

The accompanying notes are an integral part of these financial statements.

<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 72,339	\$ 136,592	\$ 422,463
329,824	28,840	1,066,514
-0-	-0-	92,915
-0-	-0-	6,805
<u>-0-</u>	<u>-0-</u>	<u>48,549</u>
<u>\$ 402,163</u>	<u>\$ 165,432</u>	<u>\$ 1,637,246</u>
\$ 23,640	\$ 1,812	\$ 54,584
<u>-0-</u>	<u>-0-</u>	<u>86,105</u>
<u>23,640</u>	<u>1,812</u>	<u>140,689</u>
-0-	9,820	9,820
<u>378,523</u>	<u>153,800</u>	<u>1,486,737</u>
<u>378,523</u>	<u>163,620</u>	<u>1,496,557</u>
<u>\$ 402,163</u>	<u>\$ 165,432</u>	<u>\$ 1,637,246</u>

TOWNSHIP OF RICHFIELD  
RECONCILIATION OF FUND BALANCES ON BALANCE SHEET  
FOR GOVERNMENTAL FUNDS TO NET ASSETS OF  
GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS  
MARCH 31, 2006

TOTAL FUND BALANCES - GOVERNMENTAL ACTIVITIES \$ 1,496,557

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Capital assets used in governmental activities are  
not current financial resources and therefore are  
not recorded in the funds. This represents the  
amounts by which capital assets used in  
governmental funds exceeds accumulated deprecia-  
tion. 1,215,604

Long-term liabilities, including notes/bonds payable  
and accrued liabilities are not due and payable in  
the current period and therefore are not reported  
in the funds. (269,060)

TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 2,443,101

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN  
FUND BALANCE - ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED MARCH 31, 2006

	<u>General</u>	<u>Fire</u>	<u>Law Enforcement</u>
Revenues:			
Taxes and assessments	\$ 160,022	\$ 162,320	\$ 271,594
Intergovernmental	377,156	70,570	31,445
Charges for services	50,724	17	1,615
Licenses, permits and fees	6,558	-0-	-0-
Interest	17,161	5,202	2,918
Other	<u>3,983</u>	<u>13,955</u>	<u>33,266</u>
Total Revenues	<u>615,604</u>	<u>252,064</u>	<u>340,838</u>
Expenditures:			
General government	468,525	-0-	-0-
Public safety	-0-	224,279	390,838
Public works	-0-	-0-	-0-
Recreation and culture	-0-	-0-	-0-
Debt service:			
Principal	-0-	31,887	10,623
Interest and fees	<u>-0-</u>	<u>7,767</u>	<u>1,019</u>
Total Expenditures	<u>468,525</u>	<u>263,933</u>	<u>402,480</u>
Excess:			
Revenue over (under) expenditures	<u>147,079</u>	<u>(11,869)</u>	<u>(61,642)</u>
Other financing sources (uses):			
Operating transfers in	-0-	-0-	72,522
Operating transfers (out)	<u>(114,118)</u>	<u>-0-</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(114,118)</u>	<u>-0-</u>	<u>72,522</u>
Excess:			
Revenue and other financing sources over (under) expenditures and other Uses	32,961	(11,869)	10,880
Fund Balance - April 1	<u>246,580</u>	<u>251,098</u>	<u>273,953</u>
Fund Balance - March 31	<u><u>\$ 279,541</u></u>	<u><u>\$ 239,229</u></u>	<u><u>\$ 284,833</u></u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance</u>	<u>Waste Disposal</u>	<u>Other Funds</u>	<u>Totals</u>
\$ 79,810	\$ 329,824	\$ 35,710	\$ 1,039,280
-0-	-0-	3,290	482,461
144,966	-0-	4,074	201,396
-0-	-0-	39,948	46,506
2,134	38	1,912	29,365
<u>623</u>	<u>-0-</u>	<u>80,563</u>	<u>132,390</u>
<u>227,533</u>	<u>329,862</u>	<u>165,497</u>	<u>1,931,398</u>
-0-	-0-	21,323	489,848
152,619	-0-	40,387	808,123
-0-	329,329	53,526	382,855
-0-	-0-	80,999	80,999
30,480	-0-	20,000	92,990
<u>3,622</u>	<u>-0-</u>	<u>550</u>	<u>12,958</u>
<u>186,721</u>	<u>329,329</u>	<u>216,785</u>	<u>1,867,773</u>
<u>40,812</u>	<u>533</u>	<u>(51,288)</u>	<u>63,625</u>
-0-	-0-	41,596	114,118
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(114,118)</u>
<u>-0-</u>	<u>-0-</u>	<u>41,596</u>	<u>-0-</u>
40,812	533	(9,692)	63,625
<u>109,999</u>	<u>377,990</u>	<u>173,312</u>	<u>1,432,932</u>
<u>\$ 150,811</u>	<u>\$ 378,523</u>	<u>\$ 163,620</u>	<u>\$ 1,496,557</u>

TOWNSHIP OF RICHFIELD  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MARCH 31, 2006

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 63,625

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds do not report long-term debt; therefore,  
debt service payments are recorded as expenditures.  
However in government-wide financial statements, long-term  
debt is recorded as a liability and payments are applied  
against the outstanding balances. 94,044

Governmental funds report capital outlays as expenditures.  
However in the statement of activities, the cost of these  
assets are capitalized and depreciation charged to expense  
over their useful life. 76,858

CHANGES IN NET ASSETS - GOVERNMENTAL ACTIVITIES \$ 234,527

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF FIDUCIARY NET ASSETS  
MARCH 31, 2006

ASSETS	
Cash and Investments	<u>\$ 962,429</u>
LIABILITIES	
Due to Governmental Units	10,928
Undistributed Collections	<u>951,501</u>
Total Liabilities	<u>962,429</u>
NET ASSETS	
Net Assets	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF RICHFIELD  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED MARCH 31, 2006

REVENUES	
Property Tax Collections	\$ 3,664,258
Interest Collections	4,378
Health Care Benefits	7,398
Payroll Tax Withholdings	<u>221,922</u>
Total Revenues	<u>3,897,956</u>
EXPENDITURES	
Property Taxes	3,664,258
Payroll Tax Withholdings	221,922
Other	<u>11,776</u>
Total Expenditures	<u>3,897,956</u>
Excess of Revenues over Expenditures	-0-
Net Assets - April 1	<u>-0-</u>
Net Assets - March 31	<u><u>\$ -0-</u></u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2006

NOTE A: ENTITY

The Township of Richfield is a general law township of the state of Michigan located in Roscommon County, Michigan. It operates under an elected board and provides services to its residents in many areas including law enforcement, fire and ambulance services, community enrichment, and human services. As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 14 "The Financial Reporting Entity", these financial statements present the Township of Richfield (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Richfield conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a Township-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Fire Fund* is used to account for all financial activity related to the Township's fire service. The main source of revenue is derived from property taxes.

The *Law Enforcement Fund* is used to account for all financial activity related to the Township's police department. The main source of revenue is derived from property taxes and grants.

The *Ambulance Fund* is used to account for activity related to the Township's ambulance services. The major source of revenue is from property taxes and ambulance fees.

The *Waste Disposal Fund* is used to account for the Township's refuse pick-up services. The primary source of revenue is derived from property tax assessments.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Additionally, the Township reports the following fund types:

*Special Revenue Funds* are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

*Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term debt of the Township.

*Capital Project Funds* account for the special assessment revenue and related expenditures for road improvement.

*Agency Funds* are used to account for assets held on behalf of outside parties, including other governments.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2005, are recorded as revenue in the current year. The Township's taxable value for the 2005 tax year totaled \$115,947,330.

The tax rates for the year ended March 31, 2006, were as follows:

<u>PURPOSE</u>	<u>RATE/ASSESSED VALUATION</u>
General	1.384 mills per \$1,000
Fire	0.9225 mills per \$1,000
Ambulance	0.6919 mills per \$1,000
Police	1.384 mills per \$1,000
Fire District	0.5000 mills per \$1,000
Police Special	1.0000 mills per \$1,000
Refuse	Special Assessment

BUDGETS - Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. The approved budgets of the Township for budgetary funds were adopted on a fund level. Budgets are normally formulated during January and February of each year and a budget hearing is held in March. The board normally adopts the budget just prior to April 1. Amendments are made to the budgets when determined to be necessary throughout the year. Unused appropriations for budgeted activities lapse at the end of the year. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure), is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

LONG-TERM OBLIGATIONS - In the government-wide financial statements, the long-term debt and other long-term obligations are reported as liabilities. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31 2006

NOTE C - CASH AND INVESTMENTS

The captions or combined balance sheet related to deposits and investments are as follows:

	<u>Cash and Deposits</u>
Government Activities	\$ 422,463
Agency Funds	<u>962,429</u>
Total	<u>\$ 1,384,892</u>

The Government Accounting Standards Board Statement No. 3 risk disclosures for Richfield Township's cash deposits are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$ 267,705	\$ 299,805
Uninsured and Uncollateralized	<u>1,117,187</u>	<u>1,164,042</u>
Total Deposits	<u>\$ 1,384,892</u>	<u>\$ 1,463,847</u>

Deposits - At year-end, the carrying amount of the Township's deposits was \$1,384,892 and the bank balance was \$1,463,847. According to Section 330.8 of the Federal Deposit Insurance Corporation Rules and Regulations, 20% of the total bank balance was covered by federal depository insurance.

Investments - P.A. 20 of 1943, authorizes the Township to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31 2006

NOTE C - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

The Township has not adopted a policy that indicates how the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The Township has not adopted a policy that indicates how the Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of ambulance patient receivables of \$86,105, law enforcement of \$6,500, and miscellaneous receivables of \$310, totaling \$92,915.

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of amounts due from the State of Michigan of \$48,549.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE F - CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2006 was as follows:

<u>Primary Government</u>	<u>Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 90,000	\$ -0-	\$ -0-	\$ 90,000
Total capital Assets, not being depreciated	90,000	-0-	-0-	90,000
Capital assets, being depreciated:				
Building and improvements	526,874	31,427	-0-	558,301
Machinery and equipment	981,344	187,160	31,820	1,136,684
Total capital assets, being depreciated	1,508,218	218,587	31,820	1,694,985
Less accumulated depreciation for:				
Buildings and improvements	201,777	13,634	-0-	215,411
Machinery and equipment	257,695	108,657	12,382	353,970
Total accumulated depreciation	459,472	122,291	12,382	569,381
Net capital assets, being depreciated	1,048,746	96,296	19,438	1,125,604
Net governmental activities capital assets	<u>\$ 1,138,746</u>	<u>\$ 96,296</u>	<u>\$ 19,438</u>	<u>\$ 1,215,604</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 7,706
Public safety	108,140
Recreation and cultural	6,445
Total depreciation expense - governmental activities	<u>\$ 122,291</u>

NOTE G - LONG-TERM DEBT

The following is a summary of the debt outstanding of the Township as of March 31, 2006:

	<u>No. of Issues</u>	<u>Maximum Interest Rate %</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Ambulance Installment Purchases	1	5.49%	2009	\$ 58,970
Law Enforcement Lease Purchases	1	6.71%	2007	10,298
Fire Lease Purchase	1	3.51%	2010	178,027
Total				<u>\$ 247,295</u>

CHANGES IN LONG-TERM DEBT

	<u>Balance April 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance March 31</u>	<u>Due Within One Year</u>
Fire Hall Bonds	\$ 20,000	\$ -0-	\$ 20,000	\$ -0-	\$ -0-
Compensated Absences	22,819	-0-	1,054	21,765	-0-
Ambulance Installment Purchases	89,450	-0-	30,480	58,970	16,494
Law Enforcement Lease Purchases	20,921	-0-	10,623	10,298	6,767
Fire Pumper Truck Lease Purchase	209,914	-0-	31,887	178,027	33,066
Totals	<u>\$ 363,104</u>	<u>\$ -0-</u>	<u>\$ 94,044</u>	<u>\$ 269,060</u>	<u>\$ 56,327</u>

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE G - LONG-TERM DEBT (CONTINUED)

Annual requirements to amortize outstanding notes payable at March 31, 2006 are as follows:

	General Long-Term Debt			
	Law Enforcement	Ambulance	Fire Truck	Totals
2006-2007	\$ 7,268	\$ 19,000	\$ 39,653	\$ 65,921
2007-2008	3,634	19,000	39,653	62,287
2008-2009	-0-	19,000	39,653	58,653
2009-2010	-0-	7,803	39,653	47,456
2010-2011	-0-	-0-	39,653	39,653
Subtotal	10,902	64,803	198,265	273,970
Less-interest requirements	(604)	(5,833)	(20,238)	(26,675)
	<u>\$ 10,298</u>	<u>\$ 58,970</u>	<u>\$ 178,027</u>	247,295
Compensated Absences				<u>21,765</u>
Total Principal Outstanding				<u>\$ 269,060</u>

Fire Hall Bonds - At a regular meeting of the Township Board, it was moved and supported to issue bonds totaling \$200,000 for improvements and an addition to the Township Fire Hall. The bonds are callable after May 1, 2005 with maturity on May 1, 2005 at a rate not exceeding 11%. Interest is due November 1 and May 1 of each year with principal due each May 1 beginning May 1, 1996.

Law Enforcement Lease Purchase - At regular meetings of the Township Board, it was moved and supported to enter into a lease purchase agreement for a 2005 Crown Victoria patrol car and a 2005 Ford Expedition. The payment schedule requires six semi-annual payments (6.71% annual) of \$4,374.19 commencing December 23, 2002 and continuing until June 23, 2005 and eight semi-annual payments (6.71% annual) at \$3,633.80 commencing December 9, 2003 and continuing until June 9, 2007. The Township will acquire ownership titles at the end of the payment schedules.

Ambulance Installment Purchases - On November 20, 2000, the Township Board entered into an installment purchase contract for the purchase of an ambulance. The original balance was \$73,500 with annual principal payments of \$44,700 on June 15<sup>th</sup> and semi-annual interest payments dated June 15, and December 15 at an interest rate of 5.49%.

On November 30, 2004, the Township Board purchased a 2003 Ford E-350 Ambulance financed through an installment purchase agreement. The original balance was \$74,750 with four annual payments of \$19,000 beginning December 1, 2005 and a balloon payment of \$7,803 on December 1, 2009. Interest accrues at a rate of 4.25%.

Fire Lease Purchase - On June 25, 2003, the Township entered into a lease purchase agreement for the purchase of a fire pumper truck. The agreement called for a down payment of \$82,174 and seven annual payments of \$39,653 starting July 13, 2004 with the final payment on July 13, 2010.



TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED MARCH 31, 2006

NOTE H - PARTIAL SELF-INSURANCE

The Township is a member of the Michigan Township Participating Plan. Under most circumstances, the municipality's maximum coverage is limited as follows:

<u>Type</u>	<u>Limit</u>	<u>Deductible</u>
Property	\$ 1,866,802	\$ 100
Liability	2,000,000	-0-
Errors and Omission	2,000,000	-0-
Law Enforcement	2,000,000	-0-
Automobiles	2,000,000	100
Crime	10,000	-0-
Inland Marine	216,300	100
Workmen's Compensation	STATUTORY	-0-

NOTE I - RESTRICTED NET ASSETS

The Board has restricted \$9,820 in the Library Fund representing donated monies that are to be used in a future building project that has not yet started.

NOTE J - POST EMPLOYMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note K the Township of Richfield provides post-retirement health care benefits. To be eligible, full time employees and elected officials must have more than 15 years of service with Richfield Township. These benefits were established by Board resolution and are funded on a pay-as-you-go basis. The cost for two participants during the year ended March 31, 2006 was \$17,477.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE K - PENSION PLANS

Plan Description

Richfield Township participates in a defined benefit retirement plan administered by the Michigan Municipal Employees Retirement System, (MERS). The Townships payroll for the 14 members covered by the system for the year ended December 31, 2005 was \$333,610.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401(a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report, available to the public, that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

All full time Township employees are eligible to participate in the system. Benefits vest after ten years of service. Township employees who retire at or after age 60 with 10 years credited service or 50 with 25 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the members's 3-year final average compensation with a maximum benefit of 80% of the 3-year final average compensation. The system also provides death and disability benefits which are established by the State Statute.

Participating Township employees are required to contribute 6.0 percent of their annual salary to the system. The Township is required to contribute the remaining amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2005. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit and (d) the assumption that benefits will increase 2.5% annually after retirement.

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE K - PENSION PLANS (CONTINUED)

All entries are based on the actuarial methods and assumption that were used in the December 31, 2005 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial methods was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/05)

Actuarial Accrued Liability:

Retirees and beneficiaries currently receiving benefits	\$ 1,047,492
Terminated employees not yet receiving benefits	61,430
Non-Vested terminated employees	9,340
Current Employees:	
Accumulated employee contributions including allocated investment income	138,443
Employer financed	<u>420,509</u>
Total actuarial accrued liability	1,677,214
Net assets available for benefits, at actuarial value (Market value is \$1,126,887)	<u>1,157,385</u>
Unfunded (over funded) actuarial accrued liability	<u><u>\$ 519,829</u></u>

GASB 27 INFORMATION (as of 12/31/05)

Fiscal year beginning	April 1, 2007
Annual required contribution (ARC)	\$ 54,060
Amortization factor used	0.053632

TOWNSHIP OF RICHFIELD  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
MARCH 31, 2006

NOTE K - PENSION PLANS (CONTINUED)

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2005 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

<u>Annual Pension Cost</u> Year Ended December 31,	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
2003	\$ 55,652	100%	\$ -0-
2004	52,291	100%	-0-
2005	47,467	100%	-0-

Aggregate Accrued Liabilities - Comparative Schedule

<u>Actuarial Valuation Date December 31</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % Of Covered Payroll</u>
2003	\$ 1,027,176	\$ 1,485,240	\$ 458,064	69%	419,775	109%
2004	1,127,812	1,645,630	517,818	69%	389,603	133%
2005	1,157,385	1,677,214	519,829	69%	333,610	156%

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000, and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

NOTE L - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

During the year ended March 31, 2006, the Department incurred expenditures in excess of the amounts appropriated in the General Fund as Follows:

<u>Fund</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Township Hall	\$ 194,330	\$ 231,072	\$ (36,742)
Special Revenue Funds:			
Fire Fund	\$ 255,804	\$ 263,933	\$ (8,129)
Law Enforcement	\$ 360,402	\$ 402,480	\$ (42,078)
Liquor Law Enforcement	\$ 2,405	\$ 2,536	\$ (131)

**REQUIRED  
SUPPLEMENTAL  
INFORMATION**

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Taxes and Assessments:				
General property taxes	\$ 153,194	\$ 153,194	\$ 159,896	\$ 6,702
Trailer taxes	<u>120</u>	<u>120</u>	<u>126</u>	<u>6</u>
Total Taxes and Assessments	<u>153,314</u>	<u>153,314</u>	<u>160,022</u>	<u>6,708</u>
Intergovernmental:				
Federal grants	-0-	-0-	32,745	32,745
State shared revenues	308,200	308,200	304,503	(3,697)
Swamp tax	32,180	32,180	32,051	(129)
Metro act	<u>5,000</u>	<u>5,000</u>	<u>7,857</u>	<u>2,857</u>
Total Intergovernmental	<u>345,380</u>	<u>345,380</u>	<u>377,156</u>	<u>31,776</u>
Charges for Services:				
Fees	45,359	45,359	50,049	4,690
Rent	<u>400</u>	<u>400</u>	<u>675</u>	<u>275</u>
Total Charges for Services	<u>45,759</u>	<u>45,759</u>	<u>50,724</u>	<u>4,965</u>
Licenses and Permits	<u>5,000</u>	<u>5,000</u>	<u>6,558</u>	<u>1,558</u>
Interest	<u>5,000</u>	<u>14,300</u>	<u>17,161</u>	<u>2,861</u>
Other:				
Refunds & reimbursements	<u>1,000</u>	<u>1,000</u>	<u>3,983</u>	<u>2,983</u>
Total Other	<u>1,000</u>	<u>1,000</u>	<u>3,983</u>	<u>2,983</u>
Total Revenues	<u>555,453</u>	<u>564,753</u>	<u>615,604</u>	<u>50,851</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government				
Township Board:				
Salaries-board	\$ 4,800	\$ 4,800	\$ 4,800	\$ -0-
Payroll taxes	368	368	367	1
Legal fees	4,000	4,000	2,383	1,617
Dues	2,400	2,400	1,827	573
Professional services	3,000	3,000	3,000	-0-
Insurance and bonds	20,500	20,500	19,903	597
Printing and publishing	2,000	2,000	1,278	722
Office supplies	4,000	4,000	4,089	(89)
Miscellaneous	<u>2,550</u>	<u>2,550</u>	<u>2,414</u>	<u>136</u>
Total Township Board	<u>43,618</u>	<u>43,618</u>	<u>40,061</u>	<u>3,557</u>
Township Supervisor:				
Salaries & wages	53,139	53,139	53,126	13
Payroll taxes	4,065	4,065	3,564	501
Mileage	500	500	316	184
Office supplies	2,400	2,400	2,422	(22)
Printing & publishing	5,400	5,400	5,925	(525)
Education & training	<u>200</u>	<u>200</u>	<u>265</u>	<u>(65)</u>
Total Township Supervisor	<u>65,704</u>	<u>65,704</u>	<u>65,618</u>	<u>86</u>
Elections:				
Salaries & wages	1,000	1,000	435	565
Repairs and maintenance	800	800	325	475
Mileage	200	200	63	137
Office supplies	1,000	1,000	1,671	(671)
Printing & publishing	500	500	-0-	500
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>-0-</u>	<u>1,000</u>
Total Elections	<u>4,500</u>	<u>4,500</u>	<u>2,494</u>	<u>2,006</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Clerk:				
Salary - clerk	\$ 19,039	\$ 19,039	\$ 19,039	\$ -0-
Salary - deputy	7,280	7,280	7,280	-0-
Payroll taxes	2,013	2,013	2,013	-0-
Mileage	200	200	208	(8)
Office supplies	300	300	-0-	300
Education & training	<u>200</u>	<u>200</u>	<u>344</u>	<u>(144)</u>
Total Township Clerk	<u>29,032</u>	<u>29,032</u>	<u>28,884</u>	<u>148</u>
Township Treasurer:				
Salary - treasurer	19,039	19,039	19,039	-0-
Salary - deputy	10,000	10,000	10,038	(38)
Payroll taxes	2,222	2,222	2,224	(2)
Office supplies	4,200	4,200	3,436	764
Mileage	200	200	130	70
Tax statements	6,000	6,000	4,959	1,041
Education & training	<u>200</u>	<u>200</u>	<u>245</u>	<u>(45)</u>
Total Township Treasurer	<u>41,861</u>	<u>41,861</u>	<u>40,071</u>	<u>1,790</u>
Board of Review:				
Meeting allowance	1,000	1,000	630	370
Printing & publishing	200	200	53	147
Education & training	<u>200</u>	<u>200</u>	<u>-0-</u>	<u>200</u>
Total Board of Review	<u>1,400</u>	<u>1,400</u>	<u>683</u>	<u>717</u>



TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
General Government (continued)				
Township Hall:				
Salaries & wages	\$ 42,720	\$ 42,720	\$ 41,759	\$ 961
Payroll taxes	4,470	4,470	4,238	232
Utilities	10,200	10,200	11,337	(1,137)
Health insurance	95,780	95,780	102,517	(6,737)
Repairs and maintenance	12,860	12,860	12,946	(86)
Mileage	500	500	293	207
Communications	4,000	4,000	5,832	(1,832)
Supplies	500	500	882	(382)
Contracted services	8,000	8,000	7,103	897
Capital outlay	<u>6,000</u>	<u>15,300</u>	<u>44,165</u>	<u>(28,865)</u>
Total Township Hall	<u>185,030</u>	<u>194,330</u>	<u>231,072</u>	<u>(36,742)</u>
Planning & zoning:				
Wages & meetings	15,100	15,100	14,047	1,053
Payroll taxes	890	890	838	52
Legal & professional	1,500	1,500	741	759
Mileage	200	200	-0-	200
Office supplies	500	500	391	109
Printing & publishing	500	500	198	302
Miscellaneous	<u>500</u>	<u>500</u>	<u>-0-</u>	<u>500</u>
Total Planning & Zoning	<u>19,190</u>	<u>19,190</u>	<u>16,215</u>	<u>2,975</u>
Other Activities:				
M.E.R.S.	37,000	37,000	23,750	13,250
Airport	2,500	2,500	2,175	325
Street lights	17,500	17,500	17,502	(2)
Miscellaneous	<u>4,000</u>	<u>4,000</u>	<u>-0-</u>	<u>4,000</u>
Total Other Activities	<u>61,000</u>	<u>61,000</u>	<u>43,427</u>	<u>17,573</u>
Total Expenditures	<u>451,335</u>	<u>460,635</u>	<u>468,525</u>	<u>(7,890)</u>

TOWNSHIP OF RICHFIELD  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess:				
Revenues over (under) expenditures	<u>\$ 104,118</u>	<u>\$ 104,118</u>	<u>\$ 147,079</u>	<u>\$ 42,961</u>
Other Financing Sources (Uses):				
Operating transfers out	<u>(114,118)</u>	<u>(114,118)</u>	<u>(114,118)</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>(114,118)</u>	<u>(114,118)</u>	<u>(114,118)</u>	<u>-0-</u>
Excess:				
Revenue over (under) expenditures and other financing uses	<u>(10,000)</u>	<u>(10,000)</u>	<u>32,961</u>	<u>42,961</u>
Fund Balance - April 1	<u>246,580</u>	<u>246,580</u>	<u>246,580</u>	<u>-0-</u>
Fund Balance - March 31	<u><u>\$ 236,580</u></u>	<u><u>\$ 236,580</u></u>	<u><u>\$ 279,541</u></u>	<u><u>\$ 42,961</u></u>

TOWNSHIP OF RICHFIELD  
FIRE FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 154,918	\$ 154,918	\$ 162,320	\$ 7,402
Federal	-0-	-0-	67,170	67,170
State	-0-	-0-	3,400	3,400
Charges for services	5	5	17	12
Interest	1,400	1,400	5,202	3,802
Other	-0-	-0-	13,955	13,955
Total Revenues	<u>156,323</u>	<u>156,323</u>	<u>252,064</u>	<u>95,741</u>
Expenditures:				
Wages	45,400	45,400	34,475	10,925
Fringe benefits	3,500	3,500	2,637	863
Utilities	4,000	4,000	4,882	(882)
Communication	1,500	1,500	900	600
Training & education	1,400	1,400	203	1,197
Insurance	25,000	25,000	23,335	1,665
Supplies/repairs/maintenance	25,200	25,200	17,278	7,922
Services	1,400	1,400	729	671
Travel & meals	1,800	1,800	1,503	297
Miscellaneous	2,500	2,500	1,341	1,159
Equipment/building	111,641	111,641	136,996	(25,355)
Debt Source:				
Principal	32,463	32,463	31,887	576
Interest	-0-	-0-	7,767	(7,767)
Total Expenditures	<u>255,804</u>	<u>255,804</u>	<u>263,933</u>	<u>(8,129)</u>
Excess:				
Revenues over (under) expenditures	(99,481)	(99,481)	(11,869)	87,612
Fund Balance - April 1	<u>99,481</u>	<u>99,481</u>	<u>251,098</u>	<u>151,617</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 239,229</u>	<u>\$ 239,229</u>

TOWNSHIP OF RICHFIELD  
LAW ENFORCEMENT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 258,728	\$ 258,728	\$ 271,594	\$ 12,866
Federal	-0-	-0-	29,330	29,330
State	1,000	1,000	2,115	1,115
Charges for services	850	850	1,615	765
Interest	400	400	2,918	2,518
Penal Fines	3,500	3,500	2,465	(1,035)
Other	<u>11,072</u>	<u>11,072</u>	<u>30,801</u>	<u>19,729</u>
Total Revenues	<u>275,550</u>	<u>275,550</u>	<u>340,838</u>	<u>65,288</u>
Expenditures:				
Wages	213,179	213,179	217,770	(4,591)
Payroll taxes	21,537	21,537	18,631	2,906
Fringe benefits	62,830	62,830	59,688	3,142
Utilities	3,500	3,500	3,356	144
Education & training	1,200	1,200	1,372	(172)
Office supplies	2,000	2,000	1,701	299
Insurance	20,500	20,500	21,280	(780)
Supplies/repairs	19,965	19,965	21,102	(1,137)
Contract services	2,400	2,400	2,983	(583)
Miscellaneous	650	650	1,054	(404)
Equipment lease	11,641	11,641	11,642	(1)
Capital outlay	<u>1,000</u>	<u>1,000</u>	<u>41,901</u>	<u>(40,901)</u>
Total Expenditures	<u>360,402</u>	<u>360,402</u>	<u>402,480</u>	<u>(42,078)</u>
Excess:				
Revenues over (under) expenditures	<u>(84,852)</u>	<u>(84,852)</u>	<u>(61,642)</u>	<u>23,210</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>72,522</u>	<u>72,522</u>	<u>72,522</u>	<u>-0-</u>
Total Other Financing Sources (Uses)	<u>72,522</u>	<u>72,522</u>	<u>72,522</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expendi- tures and financing uses	<u>(12,330)</u>	<u>(12,330)</u>	<u>10,880</u>	<u>23,210</u>
Fund Balance - April 1	<u>12,330</u>	<u>12,330</u>	<u>273,953</u>	<u>261,623</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 284,833</u>	<u>\$ 284,833</u>

TOWNSHIP OF RICHFIELD  
 AMBULANCE FUND  
 STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 YEAR ENDED MARCH 31, 2006

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 76,615	\$ 76,615	\$ 79,810	\$ 3,195
Charges for services	80,000	80,000	144,966	64,966
Interest	500	500	2,134	1,634
Other	-0-	-0-	623	623
Total Revenues	<u>157,115</u>	<u>157,115</u>	<u>227,533</u>	<u>70,418</u>
Expenditures:				
Wages	46,000	46,000	45,025	975
Payroll taxes	3,600	3,600	3,445	155
Education & training	3,000	3,000	2,460	540
Utilities	5,500	5,500	5,619	(119)
Vehicle	7,000	7,000	3,039	3,961
Mileage	2,500	2,500	1,153	1,347
Office supplies	100	100	-0-	100
Insurance	11,000	11,000	9,527	1,473
Supplies/repairs	9,000	9,000	7,311	1,689
Contract services	75,900	75,900	72,665	3,235
Miscellaneous	725	725	482	243
Capital outlay	14,990	14,990	1,893	13,097
Debt service:				
Principal	16,800	16,800	30,480	(13,680)
Interest	-0-	-0-	3,622	(3,622)
Total Expenditures	<u>196,115</u>	<u>196,115</u>	<u>186,721</u>	<u>9,394</u>
Excess:				
Revenues over (under) expenditures	(39,000)	(39,000)	40,812	79,812
Fund Balance - April 1	<u>39,000</u>	<u>39,000</u>	<u>109,999</u>	<u>70,999</u>
Fund Balance - March 31	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 150,811</u>	<u>\$ 150,811</u>

TOWNSHIP OF RICHFIELD  
WASTE DISPOSAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED MARCH 31, 2006

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	\$ 330,088	\$ 330,088	\$ 329,824	\$ (264)
Interest	<u>-0-</u>	<u>-0-</u>	<u>38</u>	<u>38</u>
Total Revenues	<u>330,088</u>	<u>330,088</u>	<u>329,862</u>	<u>(226)</u>
Expenditures:				
Contract services	<u>378,888</u>	<u>378,888</u>	<u>329,329</u>	<u>49,559</u>
Total Expenditures	<u>378,888</u>	<u>378,888</u>	<u>329,329</u>	<u>49,559</u>
Excess:				
Revenues over (under) expenditures	(48,800)	(48,800)	533	49,333
Fund Balance - April 1	<u>48,800</u>	<u>48,800</u>	<u>377,990</u>	<u>329,190</u>
Fund Balance - March 31	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 378,523</u></u>	<u><u>\$ 378,523</u></u>

**OTHER  
SUPPLEMENTAL  
INFORMATION**

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>Special Revenue Funds</u>			
	<u>Road</u>	<u>Park</u>	<u>Liquor Law Enforcement</u>	<u>Construction Codes</u>
ASSETS				
Cash and investments	\$ 6,870	\$ 5,334	\$ 46	\$ 4,601
Taxes receivable	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	<u>\$ 6,870</u>	<u>\$ 5,334</u>	<u>\$ 46</u>	<u>\$ 4,601</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>6,870</u>	<u>5,334</u>	<u>46</u>	<u>4,601</u>
Total Fund Equity	<u>6,870</u>	<u>5,334</u>	<u>46</u>	<u>4,601</u>
Total Liabilities and Fund Equity	<u>\$ 6,870</u>	<u>\$ 5,334</u>	<u>\$ 46</u>	<u>\$ 4,601</u>



				Debt Service Funds
Budget Stabilization	Drug Law Enforcement	Library	Cemetery	Fire Hall Bond
\$ 30,719 -0-	\$ 2,599 -0-	\$ 34,620 -0-	\$ 11,873 -0-	\$ 1,974 -0-
<u>\$ 30,719</u>	<u>\$ 2,599</u>	<u>\$ 34,620</u>	<u>\$ 11,873</u>	<u>\$ 1,974</u>
\$ -0-	\$ -0-	\$ 1,462	\$ 350	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>1,462</u>	<u>350</u>	<u>-0-</u>
-0- 30,719	-0- 2,599	9,820 23,338	-0- 11,523	-0- 1,974
<u>30,719</u>	<u>2,599</u>	<u>33,158</u>	<u>11,523</u>	<u>1,974</u>
<u>\$ 30,719</u>	<u>\$ 2,599</u>	<u>\$ 34,620</u>	<u>\$ 11,873</u>	<u>\$ 1,974</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>Capital Project Funds</u>			
	<u>Road Improvement</u>	<u>Sunset Drive</u>	<u>Piper</u>	<u>Lakewood Beach</u>
ASSETS				
Cash and investments	\$ 1,3920	\$ 5,292	\$ -0-	\$ 870
Taxes receivable	<u>-0-</u>	<u>1,700</u>	<u>600</u>	<u>2,400</u>
Total Assets	<u>\$ 13,920</u>	<u>\$ 6,992</u>	<u>\$ 600</u>	<u>\$ 3,270</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>13,920</u>	<u>6,992</u>	<u>600</u>	<u>3,270</u>
Total Fund Equity	<u>13,920</u>	<u>6,992</u>	<u>600</u>	<u>3,270</u>
Total Liabilities and Fund Equity	<u>\$ 13,920</u>	<u>\$ 6,992</u>	<u>\$ 600</u>	<u>\$ 3,270</u>

Riverside Drive East	Riverside Drive West	Public Improvement	Maple Cemetery	Blueberry Acre	June Street
\$ 2,463 <u>1,075</u>	\$ 1,466 <u>1,400</u>	\$ 4,514 <u>-0-</u>	\$ 126 <u>475</u>	\$ 1,988 <u>7,080</u>	\$ 667 <u>1,400</u>
<u>\$ 3,538</u>	<u>\$ 2,866</u>	<u>\$ 4,514</u>	<u>\$ 601</u>	<u>\$ 9,068</u>	<u>\$ 2,067</u>
\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>	\$ -0- <u>-0-</u>
-0- <u>3,538</u>	-0- <u>2,866</u>	-0- <u>4,514</u>	-0- <u>601</u>	-0- <u>9,068</u>	-0- <u>2,067</u>
<u>3,538</u>	<u>2,866</u>	<u>4,514</u>	<u>601</u>	<u>9,068</u>	<u>2,067</u>
<u>\$ 3,538</u>	<u>\$ 2,866</u>	<u>\$ 4,514</u>	<u>\$ 601</u>	<u>\$ 9,068</u>	<u>\$ 2,067</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>Capital Project Funds</u>			
	<u>Richter Street</u>	<u>Elm Street</u>	<u>Ausable River Estates</u>	<u>Hiawatha</u>
ASSETS				
Cash and investments	\$ 960	\$ 1,138	\$ 410	\$ 202
Taxes receivable	<u>840</u>	<u>720</u>	<u>2,600</u>	<u>-0-</u>
Total Assets	<u>\$ 1,800</u>	<u>\$ 1,858</u>	<u>\$ 3,010</u>	<u>\$ 202</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balance:				
Designated	-0-	-0-	-0-	-0-
Undesignated	<u>1,800</u>	<u>1,858</u>	<u>3,010</u>	<u>202</u>
Total Fund Equity	<u>1,800</u>	<u>1,858</u>	<u>3,010</u>	<u>202</u>
Total Liabilities and Fund Equity	<u>\$ 1,800</u>	<u>\$ 1,858</u>	<u>\$ 3,010</u>	<u>\$ 202</u>

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<u>Tamarack</u>	<u>Estwood</u>	<u>Balsam Avenue</u>	<u>Barney-Matt</u>	<u>Hoffmeister</u>	<u>Mendota</u>
\$ 372	\$ 63	\$ (52)	\$ 205	\$ 403	\$ 1,780
<u>-0-</u>	<u>-0-</u>	<u>480</u>	<u>450</u>	<u>700</u>	<u>3,100</u>
<u>\$ 372</u>	<u>\$ 63</u>	<u>\$ 428</u>	<u>\$ 655</u>	<u>\$ 1,103</u>	<u>\$ 4,880</u>
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
-0-	-0-	-0-	-0-	-0-	-0-
<u>372</u>	<u>63</u>	<u>428</u>	<u>655</u>	<u>1,103</u>	<u>4,880</u>
<u>372</u>	<u>63</u>	<u>428</u>	<u>655</u>	<u>1,103</u>	<u>4,880</u>
<u>\$ 372</u>	<u>\$ 63</u>	<u>\$ 428</u>	<u>\$ 655</u>	<u>\$ 1,103</u>	<u>\$ 4,880</u>

TOWNSHIP OF RICHFIELD  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
MARCH 31, 2006

	<u>Capital Project Funds</u>			
	<u>Sioux Road</u>	<u>Brown Street</u>	<u>Loon Street</u>	<u>Totals</u>
ASSETS				
Cash and investments	\$ 954	\$ 215	\$ -0-	\$ 136,592
Taxes receivable	<u>1,350</u>	<u>520</u>	<u>1,950</u>	<u>28,840</u>
Total Assets	<u>\$ 2,304</u>	<u>\$ 735</u>	<u>\$ 1,950</u>	<u>\$ 165,432</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ -0-	\$ -0-	\$ -0-	\$ 1,812
Total Liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,812</u>
Fund Balance:				
Designated	-0-	-0-	-0-	9,820
Undesignated	<u>2,304</u>	<u>735</u>	<u>1,950</u>	<u>153,800</u>
Total Fund Equity	<u>2,304</u>	<u>735</u>	<u>1,950</u>	<u>163,620</u>
Total Liabilities and Fund Equity	<u>\$ 2,304</u>	<u>\$ 735</u>	<u>\$ 1,950</u>	<u>\$ 165,432</u>

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2006

	Special Revenue Funds			
	Road	Park	Liquor Law Enforcement	Construction Codes
Revenues:				
Taxes	\$ -0-	\$ -0-	\$ -0-	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	1,340	-0-	-0-
License and permits	-0-	-0-	-0-	39,948
Interest	227	252	-0-	4
Penal Fines	-0-	-0-	-0-	-0-
Other	1,790	1,087	2,369	2,157
Total Revenues	2,017	2,679	2,369	42,109
Expenditures:				
Wages	-0-	485	-0-	16,318
Payroll taxes	-0-	-0-	-0-	1,013
Fringe benefits	-0-	-0-	-0-	1,991
Utilities	-0-	2,344	-0-	195
Mileage	-0-	-0-	2,536	17,083
Office supplies	-0-	-0-	-0-	551
Insurance	-0-	3,440	-0-	-0-
Supplies/repairs	-0-	2,694	-0-	-0-
Contract services	4,713	-0-	-0-	100
Miscellaneous	-0-	111	-0-	100
Capital outlay	-0-	4,535	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
Total Expenditures	4,713	13,609	2,536	37,351
Excess:				
Revenues over (under) expenditures	(2,696)	(10,930)	(167)	4,758
Other Financing Sources (Uses):				
Operating transfers in	-0-	12,000	-0-	-0-
Total Other Financing Sources (Uses)	-0-	12,000	-0-	-0-
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	(2,696)	1,070	(167)	4,758
Fund Balance - April 1	9,566	4,264	213	(157)
Fund Balance - March 31	\$ 6,870	\$ 5,334	\$ 46	\$ 4,601

				Debt Service Funds
Budget Stabilization	Drug Law Enforcement	Library	Cemetery	Fire Hall Bond
\$ -0-	\$ -0-	\$ 6,336	\$ -0-	\$ -0-
-0-	-0-	3,290	-0-	-0-
-0-	-0-	2,734	-0-	-0-
-0-	-0-	-0-	-0-	-0-
-0-	-0-	953	414	62
-0-	-0-	53,250	-0-	-0-
-0-	1,780	825	17,305	-0-
-0-	1,780	67,388	17,719	62
-0-	-0-	30,060	1,375	-0-
-0-	-0-	2,823	-0-	-0-
-0-	-0-	7,944	-0-	-0-
-0-	-0-	2,399	-0-	-0-
-0-	-0-	91	-0-	-0-
-0-	-0-	1,692	-0-	-0-
-0-	-0-	1,078	600	-0-
-0-	500	14,337	7,566	-0-
-0-	0	100	8,900	-0-
-0-	-0-	4,824	407	-0-
-0-	-0-	2,042	2,475	-0-
-0-	-0-	-0-	-0-	20,550
-0-	500	67,390	21,323	20,550
-0-	1,280	(2)	(3,604)	(20,488)
18,596	-0-	11,000	-0-	-0-
18,596	-0-	11,000	-0-	-0-
18,596	1,280	10,998	(3,604)	(20,488)
12,123	1,319	22,160	15,127	22,462
<u>\$ 30,719</u>	<u>\$ 2,599</u>	<u>\$ 33,158</u>	<u>\$ 11,523</u>	<u>\$ 1,974</u>



TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED MARCH 31, 2006

	<u>Capital Project Funds</u>			
	<u>Road Improvements</u>	<u>Sunset Drive</u>	<u>Piper</u>	<u>Lakewood Beach Subdivision</u>
Revenues:				
Taxes	\$ -0-	\$ 1,700	\$ 761	\$ 2,400
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>-0-</u>	<u>1,700</u>	<u>761</u>	<u>2,400</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	19,747	2,101	330	842
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
Total Expenditures	<u>19,747</u>	<u>2,101</u>	<u>330</u>	<u>842</u>
Excess:				
Revenues over (under) expenditures	<u>(19,747)</u>	<u>(401)</u>	<u>431</u>	<u>1,558</u>
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	<u>(19,747)</u>	<u>(401)</u>	<u>431</u>	<u>1,558</u>
Fund Balance - April 1	<u>33,667</u>	<u>7,393</u>	<u>169</u>	<u>1,712</u>
Fund Balance - March 31	<u>\$ 13,920</u>	<u>\$ 6,992</u>	<u>\$ 600</u>	<u>\$ 3,270</u>

<u>Riverside Drive East</u>	<u>Riverside Drive West</u>	<u>Public Improvement</u>	<u>Maple Avenue</u>	<u>Blueberry Acre</u>	<u>June Street</u>
\$ 1,075	\$ 1,400	\$ -0-	\$ 475	\$ 7,080	\$ 1,400
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>1,075</u>	<u>1,400</u>	<u>-0-</u>	<u>475</u>	<u>7,080</u>	<u>1,400</u>
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
1,295	1,213	-0-	422	9,026	2,123
-0-	-0-	4	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
<u>1,295</u>	<u>1,213</u>	<u>4</u>	<u>422</u>	<u>9,026</u>	<u>2,123</u>
(220)	187	(4)	53	(1,946)	(723)
-0-	-0-	-0-	-0-	-0-	-0-
-0-	-0-	-0-	-0-	-0-	-0-
(220)	187	(4)	53	(1,946)	(723)
<u>3,758</u>	<u>2,679</u>	<u>4,518</u>	<u>548</u>	<u>11,014</u>	<u>2,790</u>
<u>\$ 3,538</u>	<u>\$ 2,866</u>	<u>\$ 4,514</u>	<u>\$ 601</u>	<u>\$ 9,068</u>	<u>\$ 2,067</u>

TOWNSHIP OF RICHFIELD  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUND  
YEAR ENDED MARCH 31, 2006

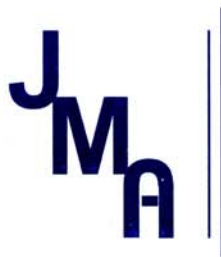
	Capital Project Funds			
	Richter Street	Elm Street	Ausable River Estates	Hiawatha
Revenues:				
Taxes	\$ 840	\$ 720	\$ 2,600	\$ -0-
State	-0-	-0-	-0-	-0-
Charges for services	-0-	-0-	-0-	-0-
License and permits	-0-	-0-	-0-	-0-
Interest	-0-	-0-	-0-	-0-
Penal Fines	-0-	-0-	-0-	-0-
Other	-0-	-0-	-0-	-0-
Total Revenues	<u>840</u>	<u>720</u>	<u>2,600</u>	<u>-0-</u>
Expenditures:				
Personal service	-0-	-0-	-0-	-0-
Payroll taxes	-0-	-0-	-0-	-0-
Fringe benefits	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-
Mileage	-0-	-0-	-0-	-0-
Office supplies	-0-	-0-	-0-	-0-
Insurance	-0-	-0-	-0-	-0-
Supplies/repairs	-0-	-0-	-0-	-0-
Contract services	979	422	2,199	200
Miscellaneous	-0-	-0-	-0-	-0-
Capital outlay	-0-	-0-	-0-	-0-
Debt payments	-0-	-0-	-0-	-0-
Total Expenditures	<u>979</u>	<u>422</u>	<u>2,199</u>	<u>200</u>
Excess:				
Revenues over (under) expenditures	<u>(139)</u>	<u>298</u>	<u>401</u>	<u>(200)</u>
Other Financing Sources (Uses):				
Operating transfers in	-0-	-0-	-0-	-0-
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	<u>(139)</u>	<u>298</u>	<u>401</u>	<u>(200)</u>
Fund Balance - April 1	<u>1,939</u>	<u>1,560</u>	<u>2,609</u>	<u>402</u>
Fund Balance - March 31	<u>\$ 1,800</u>	<u>\$ 1,858</u>	<u>\$ 3,010</u>	<u>\$ 202</u>

[illegible]

TOWNSHIP OF RICHFIELD  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUND  
 YEAR ENDED MARCH 31, 2006

	<u>Capital Project Funds</u>			
	<u>Sioux Road</u>	<u>Brown Street</u>	<u>Loon Street</u>	<u>Totals</u>
Revenues:				
Taxes	\$ 1,350	\$ 520	\$ 1,950	\$ 35,710
State	-0-	-0-	-0-	3,290
Charges for services	-0-	-0-	-0-	4,074
License and permits	-0-	-0-	-0-	39,948
Interest	-0-	-0-	-0-	1,912
Penal Fines	-0-	-0-	-0-	53,250
Other	-0-	-0-	-0-	27,313
Total Revenues	<u>1,350</u>	<u>520</u>	<u>1,950</u>	<u>165,497</u>
Expenditures:				
Personal service	-0-	-0-	-0-	48,238
Payroll taxes	-0-	-0-	-0-	3,836
Fringe benefits	-0-	-0-	-0-	9,935
Utilities	-0-	-0-	-0-	4,938
Mileage	-0-	-0-	-0-	19,710
Office supplies	-0-	-0-	-0-	2,243
Insurance	-0-	-0-	-0-	5,118
Supplies/repairs	-0-	-0-	-0-	25,097
Contract services	1,162	316	-0-	62,626
Miscellaneous	-0-	-0-	-0-	5,442
Capital outlay	-0-	-0-	-0-	9,052
Debt payments	-0-	-0-	-0-	20,550
Total Expenditures	<u>1,162</u>	<u>316</u>	<u>-0-</u>	<u>216,785</u>
Excess:				
Revenues over (under) expenditures	<u>188</u>	<u>204</u>	<u>1,950</u>	<u>(51,288)</u>
Other Financing Sources (Uses):				
Operating transfers in	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>41,596</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>41,596</u>
Excess:				
Revenue and other financing sources over (under) expenditures and financing uses	188	204	1,950	(9,692)
Fund Balance - April 1	<u>2,116</u>	<u>531</u>	<u>-0-</u>	<u>173,312</u>
Fund Balance - March 31	<u>\$ 2,304</u>	<u>\$ 735</u>	<u>\$ 1,950</u>	<u>\$ 163,620</u>

**RICHFIELD TOWNSHIP**  
**REPORT TO MANAGEMENT**  
**MARCH 31, 2006**



## James M. Anderson, P.C.

CERTIFIED PUBLIC ACCOUNTANT

P.O. Box 255 • Roscommon, MI 48653

Phone: (989) 563-2450 • Fax: (989) 563-3471 • E-mail: jma@m33access.com

September 7, 2006

Township Board  
Richfield Township  
Roscommon, Michigan

In planning and performing my audit of the financial statements of the Richfield Township, as of and for the year ended March 31, 2006, I considered the Township's accounting, operational, and internal control procedures to determine the nature and extent of my audit testing for the purpose of expressing an opinion on the financial statements of the Township and not to provide assurance on the procedures themselves.

I did however, during the course of my audit, become aware of certain matters that are opportunities for enhancing those procedures or controls. The memorandum that accompanies this letter summarizes my comments and suggestions regarding those matters. This letter does not affect my report dated September 7, 2006, on the financial statements of Richfield Township.

I have already discussed these comments and suggestions with the Township's personnel, and I will be pleased to discuss them in further detail at your convenience, and/or to perform any additional studies of these matters, should you so desire.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J M Anderson'.

JAMES M. ANDERSON, P.C.  
CERTIFIED PUBLIC ACCOUNTANT

**RICHFIELD TOWNSHIP  
COMMENTS AND RECOMMENDATIONS**

**Budget Law**

Public Act 621 of 1978, entitled the Uniform Budgeting and Accounting Act, requires that the Township Board adopt a general appropriations act. The adoption of a general appropriations act encompasses all governmental funds of the Township.

The Act provides, in part, that expenditures incurred on a functional basis cannot exceed the budgeted amounts. During the year ended March 31, 2006, certain areas did exceed the budgeted amounts as noted below.

<u>Fund/Function</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Township Hall	\$ 194,330	\$ 231,072	\$ (36,742)
Special Revenue Funds:			
Fire Fund	\$ 255,804	\$ 263,933	\$ (8,129)
Law Enforcement	\$ 360,402	\$ 402,480	\$ (42,078)
Liquor Law Enforcement	\$ 2,405	\$ 2,536	\$ (131)

**Disbursements**

Paid invoices should have an approval and an account number noted on them and attached to the check copy. The check copy and invoice should then be filed in numerical order. During the audit I found that this was not done consistently. I recommend that the Clerk follow these filing procedures on a consistent basis to allow for a proper audit trail.

**Cash and Investments**

Bank reconciliations should be done on a timely basis each month as well as a comprehensive reconciliation of the cash and investments held by the Township with the individual funds. A copy of the reconciliation should be kept with the monthly bank statements. I found that a comprehensive worksheet was not kept for each month. It is my understanding that the Treasurer will be preparing these in the future.